

| ISSUE | | FINDING | RECOMMENDATION | FY 2004-05 | 5 YEAR CUMULATIVE |
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| General Government Chapter | | | | | |
| GG 01 | Raise State Revenue through Tax Amnesty | Some California taxpayers are delinquent in their tax remittances. Common reasons for delinquent taxes include inadvertent error, deliberate under reporting on tax forms, abusive tax shelters and ignorance of the tax laws. Some out-of-state business engaged in state commerce may be simply unaware of their California tax responsibility. | Implement a tax amnesty for Personal Income, Corporation, Sales & Use and Motor Vehicles taxes. Include a partial waiver of interest and penalties to further accelerate returns. | \$244,100,000 | \$399,100,000 |
| GG 02 | Additional Tax Collection and Audit Staff Will Generate Additional Tax Revenue | Staff reductions have had the unintended consequence of impeding the collection of taxes. | Future employee hiring freezes should exemption positions that produce revenues. Further, the Employment Development Department, Franchise Tax Board and the Board of Equalization, or their successor entities, should develop budget change proposals to enhance revenue collections. | \$0 | \$191,100,000 |
| GG 03 | Consolidate and Upgrade Cashiering for State Taxing Agencies | Antiquated manual mail and cashiering methods at the Board of Equalization and Franchise Tax Board increase processing costs and delay deposit of funds which results in lost interest to the state. | Consolidate and upgrade mail, cashiering, remittance processing, data capture and image management systems for the Board of Equalization, Franchise Tax Board and Employment Development Department. | \$0 | \$35,359,000 |
| GG 04 | Use Contracts Information System to Increase Debt Collection Through Offsets | Until recently, there has not been an effective method for determining when money owed by a state agency to a vendor can be used to offset debt that a vendor owes the state. | The Department of General Services should revise the State Administrative Manual to require that state entities use the State Contract and Procurement Registration System to determine if an offset against payments can be made. | CBE | CBE |

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| GG 05 | Adopt a Multi-State Lottery Game | State lotteries such as California continuously struggle to combat "player fatigue", a loss of interest reflected in declining sales. Other states facing this struggle have joined multi-state games to increase lottery revenues. | The California Lottery Commission should determine which multi-state lottery is best for California and take the necessary steps to join. Legislation should be pursued to amend the California Lottery Act to permit banked games. This permission can be limited to the multi-state lottery or it can be a general permission for all banked games. | \$0 | \$174,840,000 |
| GG 06 | Increase Lottery Sales and Funding to Public Education | The California State Lottery generates approximately \$1 billion annually for public education. Current state law does not allow California's lottery to increase income by making changes that have been proven successful in other states. Such increases could benefit public education. | State law should be changed to allow the lottery to pay out more in prizes, re-offer banked games and sell games with popular themes. | \$0 | \$1,024,300,000 |
| GG 07 | Maximize Federal Grant Funds | California does not receive its fair share of federal grant funds. | The Governor should immediately consolidate all activities related to determining eligibility for, and receipt of, federal grant money in a special unit within the Governor's Office of Planning and Research. This unit should develop funding strategies which maximize federal grant funds. This may include revising current spending to comply with federal regulations, allowing California to qualify for more federal dollars. State agencies should also utilize the DGS' existing master services agreement for revenue maximization where appropriate. | \$0 | \$8,200,000,000 |

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| GG 08 | Putting Californians First - Creating a Customer Service Framework | Californians want a government that is a better provider of services and is more responsive and accountable to the people. | The Governor should establish, by Executive Order, a statewide customer service system. The Executive Order would create a Governor's Customer Service Office to oversee the implementation of the above steps. The Governor's Customer Service Office would do all of the following: ensure that customer service is an integral part of strategic planning; develop a website, review customer survey results and department plans for improvement and establish and present customer service awards. | \$0 | \$0 |
| GG 09 | Establish a California Information Center | The general public finds it difficult and frustrating to contact state government, since it's not always clear who to contact for their particular needs. | The Governor should direct the Department of General Services, Telecommunications Division, or its successor, to establish a central California Information Center (CIC) to improve information and service to Californians. The CIC should consist of a single telephone number and be the sole toll-free telephone number Californians need to access most state government offices. It should also offer a single companion web address. | CBE | CBE |
| GG 10 | Fix It (the California Portal) and They Will Come | The California Home Page falls short of its original goal of providing a seamless gateway to all government services. | The Governor should direct state departments to keep their websites updated. The Teale Data center should include the portal in its disaster recovery plan, so that the California Portal can be recovered more quickly in the event of a disaster. The Teale Data center should team with contract programming experts to complete the original California portal. | (\$2,200,000) | (\$2,200,000) |

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| GG 11 | Reduce Costs and Improve Customer Service Through the Use of Internet Forms | Many of California government forms are available on the internet but some are only available on paper. Even those that are available on the internet must be printed out, filled out and mailed back to the appropriate state department. | All state agencies should place all state forms online with fillable capability as soon as practicable. Further, they should transition to online filing of all remaining state forms that the public and business are required to file. | CBE | CBE |
| GG 12 | Pay for California's Drivers' License Renewals Online | Other states allow on-line registration for renewals of drivers licenses. | Implement online driver license payment for drivers who are eligible to renew by mail pursuant to the authority granted to the Director of the Department of Motor Vehicles. | (\$425,000) | \$1,103,000 |
| GG 13 | Implement Improved Processes for Collecting Department of Motor Vehicles Fees | Approximately 95 percent of current Department of Motor Vehicle transactions are processed manually via traditional, labor-intensive processes | The Department of Motor Vehicles should waive the credit card convenience fees for payment of motor vehicle fees; allow the use of debit cards; establish a pilot system for using both at kiosks located at DMV field offices and other separate locations; and investigate the new Check 21 program for its use in all fee payments. | CBE | CBE |
| GG 14 | Putting a Neighborly Face on Government | Californians can only conduct business with the state at limited state locations. | The state should partner with pay station contractors to process simple transactions on behalf of the state. | CBE | CBE |
| GG 15 | Making High Quality Customer Service a High Priority for All Employees | There is no consistent level of customer service across California state agencies. | The Governor should direct the California State Personnel Board or its successor to establish a Customer Service Representative statewide classification to be used by all state agencies. | CBE | CBE |
| GG 16 | Plain Language Makes Government More Accessible | Californians do not trust a government that does not communicate clearly. | Establish a plain language advocate and require state agencies to conform with the principles of plain language. The Governor's office could accomplish this by issuing a proclamation. The Governor's office should also re-establish the Governor's Clarity Award (under the auspices of the plain language advocate). | \$0 | \$0 |

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| GG 17 | Tax Relief on Manufacturing Equipment | California is losing manufacturing jobs due to lower taxes in other states. | The Governor's Office should propose legislation to provide a 5 percent sales tax credit (state share only) beginning 2006 for all sales tax paid in the previous year on manufacturing and telecommunications equipment. | \$0 | \$343,200,000 |
| GG 18 | Increase the Amount of Money Recovered by State Compensation Insurance Fund | The State Compensation Insurance Fund has a subrogation rate of 0.5 percent of annual benefits paid even though the average subrogation rate for the insurance industry is 3 to 5 percent. | The Governor should work with the State Compensation Insurance Fund's Board of Directors to require SCIF to increase its subrogation rate to at least 2.5% in the short term and at least 3% by June 30, 2006. Supplemental Budget Report language should be adopted that requires SCIF to provide a plan for increasing its subrogation rate to the Governor's Office and Joint Legislative Budget Committee. | \$28,593,000 | \$317,137,000 |
| GG 19 | Centralize for Efficiency the Assessment of Commercial Aircraft | California subjects commercial aircraft to inconsistent local property assessments. | The Governor should work with the Legislature to centralize the assessment of commercial aircraft under the Board of Equalization in lieu of the local assessors. | CBE | (\$2,171,000) |
| GG 20 | Reduce the Administrative Burden on Small Business in California by Allowing Self-Certification of Sole Proprietorships and Micro businesses | The application process to qualify sole proprietorships and micro businesses to contract with the state is too time consuming. | State law should be amended to allow micro businesses and sole proprietorships to complete a simplified application form online. The Governor should repeal Executive Order D-37-01 and issue a new executive order which emphasizes the importance of small businesses to the California economy and announces the changes to the state's small business certification process. | \$950,000 | \$8,550,000 |

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| GG 21 | Reduce Paperwork by Recognizing Small Business Program Certification Performed by Other Governmental Entities | The process of certifying small businesses to contract with governmental entities is duplicative. | State law should be amended to allow the state to accept small business certification from local government. The Governor also should encourage local governments to accept the state's small business certification. An Executive Order should be written to encourage local governments to enter into reciprocity partnerships with the state. | CBE | CBE |
| GG 22 | Create a One-Stop Business License Center for California Businesses | Persons who are creating a new business in California often don't know where to start. They must deal with multiple departments to obtain licenses and permits. | A Master Licenses Service Office should be created to work with other regulatory departments, and seek legislation if necessary to establish a uniform business identification number. The Governor should appoint a third party facilitator (business advocate) to provide oversight for creating California's MLS. Legislation should be sought to enact a one-time master application fee and a master renewal application fee. Revenue from the fees should be used to pay for the MLS. | CBE | CBE |
| GG 23 | Reduce Administrative Overhead Costs for Local Workforce Investment Areas | Local Workforce Investment Areas overlap and are not structured to administer a cost-efficient program. | The state should develop a plan to realign and consolidate Local Workforce Investment Areas based on the consortium model. The consolidation plan must be submitted in the state's five-year strategic work force investment plan. Consolidation of the Areas should begin in 2005. A state policy should be developed that requires savings generated from the consolidation to be redirected to employment and training services. | \$0 | \$0 |

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| GG 24 | Establish Competitive Sourcing Guidelines for State Departments | State managers have no guidance to determine the best method for delivering services. | The Department of General Services should work with all appropriate state agencies and departments to develop a competitive sourcing guide to identify opportunities for alternative service strategies. DGS or its successor entity, in partnership with impacted agencies and departments, should develop guidelines for ensuring performance evaluations of competitive government strategies to assess effectiveness. | CBE | CBE |
| GG 25 | Establish Parameters for Redirecting of Special Funds | The practice of transferring or loaning Special Funds to cover General Fund deficiencies lacks transparency and controls. | The Governor should direct the Department of Finance or its successor entity to develop uniform protocols and procedures to ensure that transfers and loans of Special Fund revenues to the General Fund include specific repayment requirements and that these transactions are made transparent and easily understood in each year's budget. | CBE | CBE |
| GG 26 | Establish Principles of Governance to Improve the Partnership Between State and Local Government | California's state and local governments do not work together to provide services effectively. | The Governor should adopt a set of principles during Fiscal Year 2004-2005 to improve the effectiveness of the state-local relationship. | CBE | CBE |
| GG 27 | Create a Formal Mechanism for Improving State-Local Government Relations in California | The state lacks a formal mechanism to identify and address local government issues. | Create a local Government Relations Office to fortify relations with all levels of government, coordinate governmental programs, and develop linkages between California governments. | \$0 | \$0 |
| GG 28 | Improve Local Government Finance by Increasing Predictability of Revenues | California's local governments do not have stable, predictable funding. | Identify permanent sources of local government revenues that would not be subject to redirection by the state. | \$0 | \$0 |

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| GG 29 | Improve State and Local Performance Measures | State and local governments lack meaningful measures to gauge performance of government programs. | The Governor should create a task force consisting of citizens and state and county government representatives to develop outcome-based performance standards to evaluate local governments' delivery of state programs. | CBE | CBE |
| GG 30 | Require Native American Tribes under the Tribal-State Compact to Enter into Agreements with Local Governments to Address the Impacts of the Tribal Casinos on Local Communities | Tribal casinos can adversely affect local communities but tribes are not required to mitigate those impacts. | The state should require each tribe as part of their negotiated gaming compact to enter a judicially enforceable agreement with the local government to mitigate the affects of casinos on the local community, beginning with the current round of Tribal-State negotiations. | CBE | CBE |
| GG 31 | Eliminate the Exemption from the Educational Revenue Augmentation Fund for Multi-County Enterprise Special Districts | Approximately 34 enterprise special districts are not paying their fair share of the Educational Revenue Augmentation Fund. | The Governor should work with the Legislature to remove the exemption from Educational Revenue Augmentation Fund for multi-county special districts. | \$35,000,000 | \$175,000,000 |
| GG 32 | Reform the State Mandates Process to Make Reimbursement More Cost-Efficient, Predictable and Fair | The process to reimburse local governments for state-mandated programs is cumbersome and costly. | The Governor should direct state agencies to review pending draft legislation as early in the process as possible and to focus on mandate impacts in their review to make reimbursements more cost-efficient, predictable and fair. State agencies should actively review and provide input into the Parameters and Guidelines document during the Commission on State Mandates process. | CBE | CBE |

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| GG 33 | Eliminate General Fund Support for the California Science Center | The California Science Center is primarily a local oriented facility but the state pays for maintenance. | In the proposed FY 2005-06 Governor's Budget, the General Fund support for the operation of the California Science Center should be eliminated, but the annual General Fund lease revenue bond payment of \$2.7 million for Phase II construction costs should be left in tact. Alternatively, the state should negotiate with the California Science Center Foundation and California Science Center policy-makers to develop and charge an appropriate admission fee to recoup the General Fund's operational support for the California Science Center. | \$0 | \$38,312,000 |
| GG 34 | Simplify and Consolidate Court-Ordered Fines | The State has more than 1,300 criminal fines, fees and costs in 27 different Government Code Sections. They are collected by multiple different government entities. | The Judicial Council should continue with its plan to establish a task force to develop recommendations to simplify the criminal court fine system by consolidating fines, fees, penalties, assessments and surcharges that apply to multiple offenses into a single fine schedule. The Governor should seek legislation to designate an appropriate executive or judicial branch office to be responsible for ensuring court-ordered debts are appropriately and uniformly collected. Once designated, the entity should work with the Franchise Tax Board's Court-Ordered Debt Collection Program to ensure that, when appropriate, delinquent court-ordered debts are referred to the program for collection. Other improvements to court ordered fines should be sought as well. | CBE | CBE |

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| GG 35 | Revise the Homeowners and Renters Assistance Program and Strengthen the Property Tax Postponement Program | Two separate programs aid seniors and disabled with property taxes. One program provides assistance, and the other postpones payment on property taxes. Both programs were established in response to spiraling property tax increases, but neither were reconsidered when Proposition 13 addressed the issue. | Phase out the homeowners portion of the assistance program, and increase the household limitation on the tax postponement program so that more seniors and disabled individuals can participate. | \$0 | \$90,760 |
| GG 36 | Implement Biennial Vehicle Registration for Efficiency and Lowered Costs | Requiring biennial vehicle registration will reduce workload and provide one-time revenue. | Develop a legislative proposal to require two-year registration periods for certain vehicles. | \$0 | \$1,259,000,000 |
| GG 37 | Limit State's Liability to Actual Fault | Other states have established laws to limit their liability under tort law. | The Governor should sponsor legislation to a) amend the California Tort Law to limit the State's Liability, b) amend the Code of Civil Procedure to allow juries to be instructed on the effect of finding any party, including the state, partially liable; and c) amend the design immunity statute, Government Code section 830.6, to clarify that the judge, not the jury, should determine the applicability of the statute. | CBE | CBE |
| GG 38 | Reduce Litigation Costs by Improving the Claims Adjustment Process | The Victim Compensation and Government Claims Board rejects most tort claims without being subjected to a claims-adjustment process to determine if the claim can be settled without litigation. | The Victims Compensation and Government Claims Board should authorize its staff to refer tort claims to the Office of Risk and Insurance Management for claim adjustment services. The Governor should direct the Secretary of the State and Consumer Services Agency, or its successor entity, to require the Office of Risk and Insurance Management to provide claims adjustment services to tort claims referred by the Victims Compensation and Government Claims Board. | CBE | CBE |

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| GG 39 | Implement Travel Advance and Expense Reimbursement Automation Statewide | Using CalATERS would streamline and automate inconsistent, manual travel processing and reimbursement systems between agencies and departments. | Increase the participation by agencies and departments in CalATERS. | \$0 | \$6,950,000 |
| GG 40 | Reduce State Travel Costs by Booking Fares Online | The state is not taking advantage of the lowest air fares available. Travel arrangements should be able to be made online and without the assistance of travel agents. | The Department of General Services should immediately establish travel policies that require early planning to obtain lowest fare, shopping online and minimizing use of travel agents. Other opportunities such as existing air fare discount programs should be sought. | \$14,900,000 | \$74,500,000 |
| GG 41 | Amend the Administrative Procedure Act to Do More With Less | The Administrative Procedure Act contains many unneeded requirements that increase processing costs and time. | The Governor should sponsor legislation to amend the Administrative Procedures Act. The Office of Administrative Law should amend Title 1 of the California Code of Regulations Section 10 to clarify that the "necessity" for a regulation can be shown by establishing only the overall necessity for the provision rather than requiring the necessity of "each provision" to be established. | CBE | CBE |
| GG 42 | Improve Management of the State Vehicle Fleet | Office of Fleet Administration has inadequate inventory controls and data management on misuse of state vehicles. | The state should conduct an inventory of all state-owned vehicles and to maintain the inventory on an ongoing basis, providing quarterly reports to the Department of General Services' Office of Fleet Administration or its successor. | CBE | CBE |
| GG 43 | Reduce State Video Production Costs | State entities can sometimes provide a lower cost for video productions services than private-sector vendors. | Issue a management memo directing state entities to include state agency video operations when soliciting video production services. | CBE | CBE |

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| GG 44 | Ensure Interagency Business Transactions are Re-engineered and Moved to the Internet | California is wasting paper and efficiency by not doing more interagency transactions on the internet. | The Governor should issue an Executive Order that requires the DGS to design and maintain the Inter-Departmental Business Center and the E-Application Registry. All agencies and departments' chief information officers should be responsible for listing all proposed and existing applications on this registry. A pilot department should be chosen which should select and then transfer a business process to interagency electronic document management. | (\$750,000) | \$103,130,000 |
| GG 45 | State Digital Records Vanishing | Many digital documents are deleted or otherwise lost each year. | The Governor should issue an Executive Order that requires all state agencies to alert the State Library of publication of digital documents, web sites or other products that may be candidates for permanent public access through the State Library. These would be temporary guidelines for all state agencies and departments to protect vital documents and public records until such time as legislation or regulations were sought and implemented to permanently address this problem. | \$0 | \$0 |
| GG 46 | Exempt Federally-Funded Programs from Hiring Freezes/Budget Reductions | When federally funded programs are subject to statewide budget reductions and hiring freezes, the result can be increased state costs & failure to meet federal requirements. | Federally funded programs should be exempt from future hiring freezes and budget reductions to maximize the receipt and use of federal funds | CBE | CBE |

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